

July 8, 2016

Dear Mayor:

It is my privilege to appoint you to the 2016 Resolutions Committee of the League of Arizona Cities and Towns. Jonathan Rothschild, Mayor of Tucson and a member of the League's Executive Committee, has agreed to serve as Chairman.

The Committee is responsible for recommending items for inclusion in the League's legislative program based upon a review of the Resolutions submitted by Arizona's cities and towns. The adopted Resolutions are outlined in the annual Municipal Policy Statement which serves as the principal guide for the League's legislative program for the upcoming session.

The Chairs of the five League Policy Committees will present the Resolutions discussed in their respective committees to the Resolutions Committee at the Annual Conference.

Included in this packet you will find the:

- Resolutions Committee Calendar
- Resolutions Committee Procedures
- Policy Committee Reports and Resolutions

The Resolutions Committee will meet on Tuesday, August 23, 2016 at 1:30 p.m. as the first item of business at the League Annual Conference at the Fairmont Princess Resort in Scottsdale. Lunch will be provided before the meeting. The actions of the full Resolutions Committee will be formally adopted at the League's Annual Business Meeting on **Thursday August 25, 2016** at 4:00 p.m.

Please officially accept your appointment or designate a council representative to serve your city/town on the 2016 Resolutions Committee, by clicking here www.leagueaz.org/resolutions.

We look forward to having all 91 cities and towns participate on the Resolutions Committee. If you have any questions or comments regarding the Resolutions Committee, your appointment or the resolution submittal process, please do not hesitate to contact the League office.

Sincerely,

A handwritten signature in black ink that reads "Mark W. Mitchell".

Mayor Mark Mitchell, Tempe

League President

Enclosures

cc (via email): Managers, Clerks without Managers, Intergovs, Intergovs 2

2016 Resolutions Committee Calendar

- April:** Mayor Rothschild appointed as 2016 Resolutions Chairman.
- April-June** Policy Committees meet.
- July 8:** League to send out resolutions packets to membership.
- August 23:** Resolutions Committee meeting at the Annual Conference in Tucson.
- August 25:** Resolutions ratified at the Annual Business Meeting.

LEAGUE OF ARIZONA CITIES AND TOWNS RESOLUTIONS COMMITTEE PROCEDURES

1. Resolutions Committee Appointment

The President shall appoint the Chairman and members of the Resolutions Committee. Only one elected official from each city or town shall be appointed to the Committee.

2. Duties

The Resolutions Committee shall adopt statements of policy amending the annual Municipal Policy Statement, special resolutions and such other resolutions of courtesy, commendation or appreciation as the Committee deems appropriate.

3. Submission of Resolutions

A. All resolutions, including resolutions of courtesy, commendation or appreciation, may be considered by the Committee provided such resolutions are submitted to the Chairman of the Committee or to the League office for consideration by the Policy Committees. The resolutions process allows cities and towns to submit policy ideas to the League at any time during the year without the requirement of a co-sponsoring city or town. If approved by a policy committee, League staff will draft the resolution for presentation to the full Resolutions Committee. Sponsoring cities and towns, or other interested stakeholders may be consulted to provide more information on the idea and also may be invited to speak to the issue at one of the policy committee meetings. Submissions received after June 1 may not be processed in time for the Annual Conference.

B. Except in the case of emergency as determined by the chair of the committee, no resolutions submitted after the deadline specified in subsection A of this section or that have not been vetted by the Policy Committees may be considered.

4. Resolutions Committee Process

A. The President shall assign submissions to the relevant Policy Committee. The Policy Committees will review submissions and develop pertinent resolutions for consideration by the Resolutions Committee. Only resolutions advanced by the Policy Committees shall be discussed at the Annual Conference Resolutions Committee.

B. Resolutions shall be amended according to the process established by the Chairman of the Committee.

C. The completed resolutions will go to the full Resolutions Committee at the Annual

Conference for consideration. The chairs of each policy committee will be responsible for presenting the resolutions and their committee activities to the full Resolutions Committee. Notice shall be given to each member at least four weeks in advance of the meeting.

5. Final Report

After the Resolutions Committee meeting, the Chairman of the Committee or a designee shall report to the entire league membership at the Annual Business Meeting those resolutions adopted by the Committee. Resolutions adopted by the Committee shall be formally adopted by the membership at the Annual Business Meeting and become the basis for the annual Municipal Policy Statement.

The following policy committee reports and resolutions are arranged in alphabetical order. The recommended resolutions are categorized by their respective committee initials and numbered according to the order in which they were approved.

Budget, Finance and Economic Development – BFED

General Administration, Human Resources and Elections – GAHRE

Neighborhoods, Sustainability and Quality of Life – NSQL

Public Safety, Military Affairs and the Courts – PSMAC

Transportation, Infrastructure and Public Works – TIPW

Chair's Report of the Budget, Finance and Economic Development Policy Committee

Mayor Kenny Evans, Chair

Resolutions Committee Meeting, League Annual Conference
Tuesday, August 23, 2016

On June 27, 2016, the Budget, Finance and Economic Development Policy Committee (BFED) convened to discuss nine policy issues submitted by cities and towns, as well as by League staff, for consideration by the committee. Below is a summary of each of the policy issues considered by BFED:

1. Seek legislation to allow cities and towns to invest in infrastructure and other improvements in a designated area and pay for the investments via the increased tax revenue generated by the new development. – **Surprise**
2. Develop a coalition to assist with the passage of legislation that will allow for the creation of renewable energy and conservation financing districts for commercial property on a voluntary basis. – **Flagstaff**
3. Protect existing funding to cities and towns which support the quality of life for its residents. – **Flagstaff**
4. Protect local authority to bring revenue to cities and towns. – **Flagstaff**
5. Increase shared revenue to small towns in Arizona. – **Mammoth**
6. Provide an option to cities and towns to allow voters to replace and increase their existing primary property tax with a new tax levy to be used to fund operation and maintenance of police, fire and medical emergency services. – **Prescott**
7. Explore methods to finance the operation and maintenance of retention and detention basins including amending A.R.S. § 48-574 to authorize retention and detention basin improvement districts to levy and expend money to operate, maintain, repair and improve retention and detention basins within a municipality. – **Yuma**
8. Explore options for accelerating the payoff of PSPRS debt. – **Globe**
9. Develop legislation for introduction next session that addresses the perceived problems with our construction sales tax system in order to create a long-term, sustainable policy that maintains state and municipal revenues, ensures revenues are received at the location in which the construction activity occurs, provides simplicity for the industry and improves compliance. – **League**

Below is a summary of the committee discussion and the recommendations:

The City of Surprise submitted **Policy Issue 1**. They are seeking a new economic development tool that would be available to cities and towns to help fund infrastructure. The proposed concept is designed to be a financing mechanism that reimburses eligible projects costs using the incremental gains in property tax attributed to project activity.

The Committee voted to move this issue forward as a resolution. (Now: BFED Resolution 1 on the Resolutions Summary Chart.)

The City of Flagstaff presented **Policy Issue 2**. Stephanie Smith, Assistant to the City Manager, explained the issue. This proposal is requesting that the League assist in developing a coalition to work on passage of legislation that would allow for the creation of renewable energy and conservation financing districts for commercial property on a voluntary basis.

This legislation has been attempted in the past and has been unsuccessful because of the legislature's reluctance to create additional special districts. However, this year, other groups have shown an interest in this concept. This year's focus would be on developing a coalition with these other interest groups in an effort to pass legislation authorizing these districts.

The BFED Committee voted to move this issue forward as a resolution. (Now: BFED Resolution 2 on the Resolutions Summary Chart.)

The City of Flagstaff also proposed **Policy Issues 3 and 4**. Stephanie Smith explained that her Council had concerns about the Legislature's attempts to reduce funding to cities and towns and to limit municipal authority regarding revenue sources and that they wanted to reiterate their support for local control over these issues.

The Committee discussed these policy submittals. However, since the protection of shared revenues and the preservation of local control are part of the League's core principles, the members decided it was not necessary to move these forward as individual resolutions.

Mayor Don Jones, on behalf of the Town of Mammoth, presented **Policy Issue 5**. This proposal would increase the amount of shared revenue that is allocated to small cities. Mayor Jones shared his concerns that the small and historic communities in Arizona could not continue to exist without additional revenue sources.

Members of the Committee discussed this issue and shared their concerns about opening up the revenue sharing formula. It was decided that this proposal would not be advanced as a resolution but that the League staff would put together a group to look at other options for increasing revenues or decreasing costs for these communities. The League will convene a group to further study this issue.

The City of Prescott submitted **Policy Issue 6** regarding a dedicated public safety property tax. Alison Zelms, Deputy City Manager, explained that they are looking for options for how to pay down their pension obligation debt faster.

League staff noted that the General Administration, Human Resources and Election Policy Committee (GAHRE) had also discussed a proposal about the cost of public safety pensions. After discussion by the Committee, it was decided that all of these policy issue submittals would be combined into one resolution that provides the League staff with the flexibility to look at a number of options for addressing this concern. The Committee voted to move this forward as a resolution. (Now: GAHRE Resolution #5 on the GAHRE Resolutions Summary Chart.)

Dan White, Assistant City Attorney, City of Yuma, presented **Policy Issue 7**. He explained that cities are not currently allowed to pay for the maintenance and operation of retention and detention basins out of the proceeds of improvement districts. However, the maintenance and operation of other similar amenities such as pedestrian malls, off-street parking facilities and parkways can be paid for through improvement district assessments. This proposal seeks to have retention and detention basins added to the list of eligible expenses.

The Committee voted to move this forward as a resolution. (Now: BFED Resolution 3 on the Resolutions Summary Chart.)

The City of Globe submitted **Policy Issue 8**. Paul Jepson, City Manager, explained that they were seeking authority to issue pension obligation bonds as a mechanism to save on the costs of retiring their pension obligation debt.

League staff again noted that the General Administration, Human Resources and Election Policy Committee (GAHRE) had also discussed a proposal regarding the cost of public safety pensions. The Committee decided that this issue would also be combined with the other policy issue submittals on this subject. The Committee voted to move this forward as a resolution. (Now: GAHRE Resolution #5 on the Resolutions Summary Chart.)

League staff submitted **Policy Issue 9**. This proposal seeks to develop legislation addressing changes to construction sales tax. Staff explained that there is momentum building at the Legislature to move from our current construction sales tax system to a tax on materials only at the point of purchase. This would result in a significant reduction in the revenues the state and municipalities collect from this activity.

The League has put together a task force to review this issue and to develop the information necessary to make informed decisions about the impact of any changes to construction sales tax. This information will help us be proactive in guiding the development of legislation rather than simply reacting to what is introduced. The Committee voted to move this issue forward as a resolution. (Now: BFED Resolution 4 on the Resolutions Summary Chart.)

The table below summarizes the BFED Committee's actions:

Policy Issue	Disposition by Committee
1	Resolution BFED 1
2	Resolution BFED 2
3	League Core Principle

4	League Core Principle
5	League Study Committee
6	Resolution GAHRE 5
7	Resolution BFED 3
8	Resolution GAHRE 5
9	Resolution BFED 4

Kenny Evans
Mayor of Payson
Chair, Budget, Finance and Economic Development Policy Committee

League of Arizona Cities & Towns Resolution

Text of Resolution: Seek legislation to allow cities and towns to invest in infrastructure and other improvements in a designated area, and pay for the investments via the increased property tax revenue generated by the new development.

A. Purpose and Effect of Resolution

Economic Development Reimbursement Authority (EDRA) is a mechanism that allows cities and towns to stimulate new development that may not otherwise take place by reimbursing developers for eligible costs within the authority's boundaries. The reimbursements are funded with the incremental difference between property tax collections before the project and after the project. This new tool can attract business and jobs to a community and can also be used to assist in business expansion for existing enterprise. It is also a carefully crafted tool to ensure taxpayers and taxing jurisdictions are protected from private risk. Reimbursement is only authorized if certain conditions are met and an oversight committee made up of city, county, and school district representatives approves the costs.

B. Relevance to Municipal Policy

Promoting economic development and job creation is important to every city in the state of Arizona. Economic Development Reimbursement Authority would give municipalities another option for supporting these projects. For those proposals or projects that are pending financing, this legislation could serve as a catalyst for economic development. For municipalities that choose not to use this tool, this legislation would have no impact.

C. Fiscal Impact to Cities and Towns

The legislation calls for EDRA's to capture NEW property tax revenue that is generated as a result of a project being built and to use only that revenue for reimbursement of approved development related needs. Once the EDRA expires all of the property tax revenue will be distributed as usual. An EDRA cannot be formed without the agreement and support of the county and school districts. Municipal taxpayers located outside the district would also be held harmless.

D. Fiscal Impact to the State

No state funds would be involved in the funding of an EDRA because the legislation pertains only to property tax. However, the state would receive increased income tax collections from the new employees that work within the district in addition to increased corporate income tax receipts from the companies that move into the district.

E. Contact Information:

Sponsoring City or Town: City of Surprise

Name: Nicole Lance, Deputy City Manager

Phone: (623) 222-1030 Email: nicole.lance@surpriseaz.gov

League Staff: Patrice Kraus

League of Arizona Cities & Towns Resolution

Text of Resolution: Develop a coalition to assist with the passage of legislation that will allow for the creation of renewable energy and conservation financing districts for commercial property on a voluntary basis.

A. Purpose and Effect of Resolution

A renewable energy and conservation financing district authorizes local governments to facilitate the financing for related improvements for commercial property owners. Participation in the program should be voluntary, so property owners can opt-in to use the mechanism to finance their own energy efficiency improvements, renewable energy installation, and water conservation improvements. Such programs can deliver benefits beyond energy independence, including new economic development opportunities, increase property value, provide protection from increasing energy costs, and enhance community awareness.

Numerous communities across the nation already have energy efficiency, water conservation, and renewable energy financing programs. At least 30 states have passed enabling legislation allowing local government to establish similar financing districts. They also define energy efficiency, water conservation, and renewable energy as a public benefit, and grant local government the authority to issue bonds.

B. Relevance to Municipal Policy

State law (A.R.S. 9-461.05) requires local governments over a certain size to adopt energy efficiency elements in their general plan. This resolution supports municipalities that choose to promote energy efficiency, renewable energy and water conservation practices within their communities. Many Arizona communities are working to improve the efficiency of existing building stock in the residential and commercial sectors to promote sustainability and help protect community members from rising energy costs.

C. Fiscal Impact to Cities and Towns

With enabling legislation, local governments could voluntarily elect to establish an energy-efficiency, renewable energy and water conservation financing program and participation in the program would be completely voluntary for interested property owners. There would be no fiscal impact on the city or town.

D. Fiscal Impact to the State

There are no fiscal impacts to the State. Energy district authority would allow for opt-in energy efficiency and renewable energy financing programs at the fiscal responsibility of the property owner.

E. Contact Information:

Sponsoring City or Town: City of Flagstaff

Name: Stephanie Smith, Assistant to the City Manager

Phone: (928) 213-2078 Email: ssmith@flagstaffaz.gov

League Staff: Patrice Kraus

League of Arizona Cities & Towns Resolution

Text of Resolution: Amend A.R.S. § 48-574 to authorize retention and detention basin improvement districts to levy and expend money to operate, maintain, repair and improve retention and detention basins within a municipality.

A. Purpose and Effect of Resolution

Maintenance and operation of retention and detention basins has become an increasingly difficult and expensive proposition for cities and towns. This resolution would allow League staff to move forward with legislation that would help secure a funding mechanism in state law for such basins.

A.R.S. § 48-574 currently authorizes improvement districts for the operation, maintenance, repair and improvement of pedestrian malls, off-street parking facilities and parkways. The proposed statutory change makes retention and detention basins eligible for operation and maintenance cost payment through an improvement district.

Under current state law, improvement districts are not specifically authorized to maintain retention and detention basins. As a result, off-site retention, which benefits only a small, localized area, is often subsidized by landowners outside of the area receiving the benefit (and who may already bear the burden of on-site retention on their parcel). Alternatively, under current law, a municipality could require the formation of a homeowner's or neighborhood association to maintain basins. Permitting a developer the flexibility to form an improvement district would allocate such costs directly to and in proportion to the benefit without the requirement of a homeowner's or neighborhood association.

The proposed legislation would allow operation, maintenance, improvement and repair costs for retention and detention basins to be included in the tax levy as part of a property owner's tax bill in accordance with assessed value or assessment of each lot within the improvement district in proportion to the benefit to each lot. The district would not have the authority to issue improvement bonds or to engage in any activity other than operation, maintenance, repair and improvement of the retention and/or detention basin.

B. Relevance to Municipal Policy

Improvement districts are prevalent across the state. A uniform process that allows cities and towns to more fairly distribute the perpetual maintenance costs of retention and detention basins will provide long-term cumulative savings to municipalities, provide developers with an alternative to homeowner's or neighborhood associations, and facilitate ease of payment for homeowners.

C. Fiscal Impact to Cities and Towns

Cities and towns that approve retention and detention basin improvement districts would realize savings that could be spent for other improvements or services. A copy of the proposed amendment to the statute is attached.

D. Fiscal Impact to the State

There is no fiscal impact to the state.

E. Contact Information:

Sponsoring City or Town: City of Yuma

Name: Steve Moore: City Attorney

Phone: 928 373-5057 **Email:** steve.moore@yumaaz.gov

League Staff: Patrice Kraus

Proposed Statutory Amendment

A.R.S. § 48-574 Improvement districts for operation, maintenance, repair and improvement of pedestrian malls, off-street parking facilities, retention and detention basins, parkings and parkways

A. In addition to the purposes for which an improvement district may be formed under the provisions of § 48-572, an improvement district may be formed for the sole purpose of the operation, maintenance, repair and improvements of pedestrian malls, off-street parking facilities, retention and detention basins, parkings and parkways.

League of Arizona Cities & Towns Resolution

Text of Resolution: Develop legislation for introduction next session that addresses the perceived problems with our construction sales tax system in order to create a long-term, sustainable policy that maintains state and municipal revenues, ensures revenues are received at the location in which the construction activity occurs, provides simplicity for the industry and improves compliance.

A. Purpose and Effect of Resolution

In 2013 legislation was enacted that required state collection and administration of all transaction privilege taxes. As part of the negotiations on that bill, there was effort to move to taxing only materials at the point of sale rather collecting tax under our existing construction sales tax process. Although the effort was unsuccessful, subsequent changes were made to how repair services were taxed. These changes have created a great deal of confusion for some members of the construction industry and have led to a general lack of compliance in the remittance of taxes related to construction activity.

Based on the direction of the League's Executive Committee, a task force has been appointed to look at this issue and to develop the information necessary to make informed decisions about any changes to our construction sales tax process. The work of this task force would provide the basis of any reform efforts.

B. Relevance to Municipal Policy

Both municipalities and the state would lose significant revenues if we moved to a "materials only/point of sale" method of taxing construction activity. Since there is most likely going to be pressure from legislators and the industry to introduce legislation on this issue next session, it is in our best interest to develop the information that will be needed to help guide any policy changes.

C. Fiscal Impact to Cities and Towns

The current tax system is imposed on 65% of the contract value or the selling price of new construction at the city level. A shift to taxing materials only will reduce that percentage to an estimated 30%-40%, resulting in a general reduction in revenues. Some of this reduction may be offset by the higher State Revenue Sharing rate assigned to the Retail class. However, the amount offset will depend on whether these materials are purchased from vendors within the state versus out-of-state vendors. Out-of-state purchases are subject to Use Tax, but that is not currently part of the shared revenue pool. Additionally, since materials used in construction are currently exempt from taxation, some of the lost revenues to cities and towns may be offset by eliminating the misuse of this exemption. Another complicating factor is the redistribution of direct city tax revenues since the purchase of these materials will likely occur in the urban centers. A model compiled by the cities in 2013 estimated the net impact to city revenues at an overall reduction of roughly \$80 million.

D. Fiscal Impact to the State

State revenues would also be reduced by taxing materials only. Analysis done by the Joint

Legislative Budget Committee in 2013 estimated the loss to the State General Fund due to changes in the Contracting classification to be between \$65 and \$150 million.

E. Contact Information:

Sponsoring City or Town: League of Arizona Cities and Towns

League Staff: Patrice Kraus

Phone: 602-258-5786 **Email:** pkraus@azleague.org

Chair's Report of the General Administration, Human Resources and Elections Policy Committee

Resolutions Committee Meeting, League Annual Conference

Tuesday, August 23, 2016

Mayor Lana Mook, El Mirage, Chair

The General Administration, Human Resources and Elections Policy Committee (GAHRE) met several times at the League of Arizona Cities and Towns Office from October 2015 to June 2016 to discuss eight policy issues that had been submitted by cities and towns for consideration.

Those eight policy issues and the sponsoring cities are summarized below:

1. Set the requirements to achieve a valid legal protest relating to re-zoning as 20% of the area within the re-zoned area or 20% of the area of lots of property owners within 150 feet of the property to be re-zoned whether adjacent (sharing a border) or non-adjacent (e.g., across the street). – **Sedona**
2. Indirect discrimination against disabled workers' access to pension. ARS 38-849 intends to prevent pre-arranged reemployment following retirement. However it does not consider the Americans with Disabilities Act (ADA) which requires employers to offer an available, vacant position as an accommodation of last resort. Example: A police officer injured in the line of duty suffers permanent impairments and is awarded PSPRS accidental disability retirement. The employer identifies a vacant Police Property Custodian position, which is an equal or lesser paying position in which the employee meets minimum qualifications and can perform all essential functions. By accepting this position as an accommodation, the employee cannot draw their retirement for a period of one year. ARS 38-849.E states "the system (PSPRS) shall not make pension payments to the retired member during the period of reemployment." This statute arguably violates Title I and II of the ADA by penalizing members who accept a job reassignment, therefore discouraging them from participation in the ADA interactive process. - **Surprise**
3. The existence of county islands within Arizona cities is becoming a growing problem. County codes are designed to address rural areas, and state budget cuts to counties have been impacting enforcement. The result is deteriorating properties surrounded by incorporated cities/towns, and no ability to apply consistent enforcement from one street to the next. What's worse is that conditions are bleeding out into incorporated areas, causing increases in enforcement expenses and impacting crime and resident safety. In the Sierra Vista area, Assessor records show that a disproportionate number of properties in tax title are in unincorporated areas and others within just 1/4 mile of county islands. Annexation is the only solution, and long-term viability of these areas is at stake. – **Sierra Vista and Yuma**
4. There are some of our smallest towns that have lost population, do not have the ability to attract sufficient qualified staff, do not have a tax base to support city services and yet are

still required by law to follow all the legal requirements of our largest cities and towns. While the idea of dis-incorporating is distasteful and contrary to the League's interest in promoting cities and towns, there are some limited cases in which it may make financial and practical sense to actually dis-incorporate. – **League Staff**

5. To remain solvent, Arizona's public pension systems must accumulate sufficient assets during members' working years to pay all promised benefits when members retire. Employees and employers pay a substantial amount for each employee in each respective system. After a series of audits for the actuarial methods used by PSPRS to project system costs, the employer rate is increasing drastically, and stands to increase again in the future based on further adjustment and the outcome of pending litigation in the Hall and Parker cases. - **Prescott**
6. Uphold and restore the principle of local control. – **Flagstaff**
7. The cost to hold special recall and initiative elections is very expensive and we have experienced that this year. We recognize it is the citizens' right to have access to the democratic process through the use of petitions. But, we also recognize the need for a process which is consistent in its requirements and to provide the clarity necessary for those wishing to engage in the petition process by using specifics rather than generalities when challenging elected officials. – **Camp Verde**
8. Seek to clarify state sign laws in light of the Reed case and existing statutes regarding signage. This clarity does not need to be achieved through legislative means and could include requesting clarification from the Attorney General. – **Flagstaff**

Discussion on **Policy Issue 1** related to a rezoning case that occurred in the City of Sedona. The confusing, inconsistent language in current statute allowed one single property owner to set the protest of the rezoning in motion and the supermajority voting requirement associated with it. Councilmember Thompson of Sedona provided a map and a PowerPoint presentation that clearly illustrated the problem. After consultation with experienced attorneys, it was determined that mirroring the language that exists in state statute for county rezoning efforts would provide the clarity needed. Committee members voted to move **Policy Issue 1** forward as a Resolution (see Resolution GAHRE #1 on the Resolutions Summary Chart).

The City of Surprise provided background on **Policy Issue 2** that relates to PSPRS statute and the Americans with Disabilities Act. There is an inconsistency between the statute's intention to curb prearranged reemployment after retirement but unintentionally prohibiting the city from providing available ADA accommodations in specific situations such as when an officer suffers a permanent impairment and goes into PSPRS accidental disability retirement. Committee members voted to move **Policy Issue 2** forward as a Resolution (see Resolution GAHRE #2 on the Resolutions Summary Chart).

The Cities of Sierra Vista and Yuma provided background on **Policy Issue 3** and informed the members of the Committee about the ongoing public safety, health and welfare issues that are created by the county islands in their respective communities. Committee members discussed

that this was a sensitive issue with elected officials and decided to direct League staff to limit the scope of possible legislation to securing equitable participation for all property owners included in a proposed annexation of property in a county island. With that stipulation, Committee members voted to move **Policy Issue 3** forward as a Resolution (see Resolution GAHRE #3 on the Resolutions Summary Chart).

Discussion on **Policy Issue 4** related to discussions that the League has had with a few of our smallest communities. They have expressed concerns that declining populations and declining revenues are getting to the point of making them less viable as communities. In some very specific instances, it may make sense for them to dis-incorporate as communities and come under the administration of the county once again. ARS 9-102 already contains a process for disincorporation in general, and committee members discussed the need to make sure that such a change to the statute has strict parameters placed on it so that the scope is limited. Specifically, the intent is to make it easier for a town to dis-incorporate if it has small and declining population and insufficient budget. Committee members voted to move **Policy Issue 4** forward as a Resolution (see Resolution GAHRE #4 on the Resolutions Summary Chart).

Discussion on **Policy Issue 5** related to ideas on how to deal financially with the significant unfunded liability in the PSPRS system. The Committee received input from the City of Prescott and several other communities about the significant burden that the unfunded liability creates. The Committee was also made aware that similar policy issues had been sent to other policy committees for review. League staff suggested that they be combined into one resolution that would come from the GAHRE Committee. Committee members voted to move **Policy Issue 5** forward as a Resolution (see Resolution GAHRE #5 on the Resolutions Summary Chart).

The City of Flagstaff, through **Policy Issue 6**, provided a simple request to keep protection of local control at the forefront of the League’s legislative activities. Committee members determined that Issue 6 was included within the continuing “Guiding Principles” provided each year in the League’s Policy Statement. Committee members voted to move **Policy Issue 6** forward as a Guiding Principle in the League’s Policy Statement.

The Town of Camp Verde provided background on **Policy Issue 7** and informed the members of the Committee that some of the aspects of recall and initiative elections were costly to the city and unfair to elected officials. The discussion centered on the determination of petition signature sufficiency and the reason statement for recall. Committee members felt that this topic would benefit from more Committee discussion and research and will be taking the issue up again at its next quarterly meeting.

Discussion on **Policy Issue 8** related to signage ordinances and policies in cities and towns and how they have been affected by the recent decision in the *Reed* case. Cities and towns are struggling on how to deal with the *Reed* decision and how to revise their sign codes. As there is no clear cut path to resolving this issue, the Committee voted to work on **Policy Issue 8** with League staff, city and town attorneys and other interested parties.

The table below summarizes the GAHRE Committee’s actions:

Policy Issue	Disposition by Committee
Policy Issue 1	GAHRE #1

Policy Issue 2	GAHRE #2
Policy Issue 3	GAHRE #3
Policy Issue 4	GAHRE #4
Policy Issue 5	GAHRE #5
Policy Issue 6	Guiding Principle
Policy Issue 7	Continued Committee Work
Policy Issue 8	Continued Committee Work

Lana Mook
Mayor of El Mirage
Chair, General Administration, Human Resources and Elections Policy Committee

League of Arizona Cities & Towns Resolution

Text of Resolution: Set the requirements to achieve a valid legal protest relating to re-zoning as 20% of the area within the re-zoned area or 20% of the area of lots of property owners within 150 feet of the property to be re-zoned whether adjacent (sharing a border) or non-adjacent (e.g., across the street).

A. Purpose and Effect of Resolution.

Current state statute allows a protest to be filed against a proposed zoning amendment. The protest can be filed if 20% of the owners of the adjacent lots or those lots within 150 feet of the proposed change are opposed to the amendment. The proposed amendment cannot become effective unless three-fourths of the council vote in favor of the amendment (a supermajority vote requirement.)

Current statutory language describing the determination of the lots affected by the rezoning amendment is very convoluted. A.R.S. §9-462.04 (H) states the following: “If the owners of twenty per cent or more either of the area of the lots included in a proposed change, or of those immediately adjacent in the rear or any side thereof extending one hundred fifty feet therefrom, or of those directly opposite thereto extending one hundred fifty feet from the street frontage of the opposite lots,…” It is possible for this vague language to create a situation where a rezoning amendment on an odd-shaped parcel would allow for only one small property owner to file a protest and trigger the supermajority voting requirement. There is a specific case of this happening in the City of Sedona.

This resolution proposes using statutory language similar to that provide for county rezoning amendments. A.R.S. §11-814(E), states the following: “If twenty per cent of the owners of property by area and number within the zoning area file a protest to the proposed rezoning, the change shall not be made except by a three-fourths vote of all members of the board for those counties with five or more supervisors...In calculating the owners by area, only that portion of a lot or parcel of record situated within three hundred feet of the property to be rezoned shall be included. In calculating the owners by number or area, county property and public rights-of-way shall not be included.”

This resolution proposes simplifying the language for cities and towns to reflect the more direct language of the county language.

B. Relevance to Municipal Policy.

This situation could present itself in any city or town across the state, so the change in language will help all cities and towns.

C. Fiscal Impact to Cities and Towns. There is no fiscal impact from this proposed resolution.

D. Fiscal Impact to the State. There is no fiscal impact from this proposed resolution.

E. Contact Information:

Sponsoring City or Town: City of Sedona

Name: Karen Daines, Asst. City Manager

Phone: 928-203-5067 **Email:** kdaines@sedonaaz.gov
League Staff: Tom Belshe

League of Arizona Cities & Towns Resolution

Text of Resolution: Create an exception within the statute to remove any limitation or penalty in accessing PSPRS retirement benefits during such time as the member is transitioning into a job reassignment as an accommodation under the Americans with Disabilities Act (ADA).

A. Purpose and Effect of Resolution

There appears to be indirect discrimination against disabled workers' access to pension. ARS 38-849 intends to prevent pre-arranged reemployment following retirement; however it does not consider the Americans with Disabilities Act (ADA) which requires employers to offer an available, vacant position as an accommodation of last resort. Example: A police officer injured in the line of duty suffers permanent impairments and is awarded PSPRS accidental disability retirement. The employer identifies a vacant Police Property Custodian position, which is an equal or lesser paying position in which the employee meets minimum qualifications and can perform all essential functions. By accepting this position as an accommodation, the employee cannot draw their retirement for a period of one year. ARS 38-849.E states "the system (PSPRS) shall not make pension payments to the retired member during the period of reemployment." This statute arguably violates Title I and II of the ADA by penalizing members who accept a job reassignment, therefore discouraging them from participation in the ADA interactive process.

B. Relevance to Municipal Policy. This situation could present itself in any city or town across the state, so the change in language will help all cities and towns.

C. Fiscal Impact to Cities and Towns. There is no fiscal impact from this proposed resolution.

D. Fiscal Impact to the State. There is no fiscal impact from this proposed resolution.

E. Contact Information:

Sponsoring City or Town: City of Surprise

Name: Nicole Lance, Asst. City Manager

Phone: 623-222-1030 **Email:** Nicole.Lance@surpriseaz.gov

League Staff: Tom Belshe

League of Arizona Cities & Towns Resolution

Text of Resolution: The League, interested legislators, and other stakeholders should convene to discuss issues related to county islands and design legislation that will improve the county island annexation process without undue burden to any one party.

A. Purpose and Effect of Resolution. The existence of county islands within Arizona cities is becoming a growing problem. County codes are designed to address rural areas, and state budget cuts to counties have been impacting enforcement. The result is deteriorating properties surrounded by incorporated cities/towns, and no ability to apply consistent enforcement from one street to the next. What's worse is that conditions are bleeding out into incorporated areas, causing increases in enforcement and impacting crime and resident safety. In the Sierra Vista area, Assessor records show that a disproportionate number of properties in tax title lien are in unincorporated areas and others within just 1/4 mile of county islands. Another consequence is that when an emergency arises in an unincorporated area that is wholly within or adjoining a city's boundaries, there is often confusion over which agency should respond. These areas contribute to a city's economy, but also create burdens on cities that surround them, and on the counties they look to for services. Long-term viability of these areas is at stake.

B. Relevance to Municipal Policy. This situation could present itself in any city or town across the state, so the change in language will help all cities and towns.

C. Fiscal Impact to Cities and Towns. There is no fiscal impact from this proposed resolution.

D. Fiscal Impact to the State. There is no fiscal impact from this proposed resolution.

E. Contact Information:

Sponsoring City or Town: City of Sierra Vista, City of Yuma

Name: Mary Jacobs, Assistant City Manager, Sierra Vista;

Phone: 520-458-3315 **Email:** mary.jacobs@sierravistaAZ.gov

Name: Steve Moore, City Attorney, City of Yuma

Phone: 928-373-5057 **Email:** Steve.Moore@YumaAZ.gov

League Staff: Tom Belshe

League of Arizona Cities & Towns Resolution

Text of Resolution: Rewrite the disincorporation portion of statute, A.R.S. §9-102, so that in very limited situations it could be implemented by council action when there are no other practical alternatives. The legislation should contain limits on population, budget, etc., when such an alternative could be used, and should empower the city or town council to petition the county supervisors to authorize an election within the incorporated area on the question of disincorporation.

A. Purpose and Effect of Resolution. There are some of our smallest towns that have lost population, do not have the ability to attract sufficient qualified staff, do not have a tax base to support city services and yet are still required by law to follow all the legal requirements of our largest cities and towns. Allowing a council to request the Supervisors to refer the question of disincorporation to a vote would be simpler and more direct than a petition requiring the signatures of 2/3 of registered voters in the city or town. Such an action would clearly signal whether the residents are no longer in support of their municipal structure, or are willing to impose new and higher taxes on themselves to support their community. While the idea of disincorporating is distasteful and contrary to the League's interest in promoting cities and towns, there are some limited cases in which it may make financial and practical sense to actually disincorporate.

B. Relevance to Municipal Policy. This situation could present itself in any small city or town across the state, so the change in language will help them.

C. Fiscal Impact to Cities and Towns. There is no fiscal impact from this proposed resolution.

D. Fiscal Impact to the State. There is no fiscal impact from this proposed resolution.

E. Contact Information:

Sponsoring City or Town: League of Arizona Cities and Towns

Name: Ken Strobeck, Executive Director

Phone: 602-258-5786 **Email:** kstrobeck@azleague.org

League Staff: Tom Belshe

League of Arizona Cities & Towns Resolution

Text of Resolution: Direct League staff to explore options that create funding solutions and/or financing authority to deal with PSPRS unfunded pension liabilities.

A. Purpose and Effect of Resolution. To remain solvent, Arizona's public pension systems must accumulate sufficient assets during members' working years to pay all promised benefits when members retire. Employees and employers pay a substantial amount for each employee in each respective system. The funded status of PSPRS is low and it has large unfunded liabilities which have resulted in large employer contributions. The most recent actuarial projections show the system's financial condition will continue to deteriorate and employer contribution rates will continue to increase. The financial condition will further deteriorate if the pending litigation is upheld (i.e. *Hall* and *Parker* cases).

The recent PSPRS reform applies only to employees hired after July 1, 2017 and will reduce employer pension costs. These savings can be applied to existing unfunded liabilities but are not enough by themselves to eliminate the existing unfunded liabilities. As a result, cities and towns are seeking additional options that, when combined with the savings from reform, allow us to significantly address unfunded liabilities.

B. Relevance to Municipal Policy. This situation could present itself in any city or town across the state, so the change in language will help all cities and towns.

C. Fiscal Impact to Cities and Towns. There is no proposed fiscal impact from this resolution.

D. Fiscal Impact to the State. There is no proposed fiscal impact from this resolution.

E. Contact Information:

Sponsoring City or Town: League of Arizona Cities and Towns

Name: Ken Strobeck, Executive Director

Phone: 620-258-5786 **Email:** kstrobeck@azleague.org

League Staff: Tom Belshe

Chair's Report of the Neighborhoods, Sustainability and Quality of Life Policy Committee

Councilman Gilbert Lopez, Coolidge, Chair

Resolutions Committee Meeting, League Annual Conference
Tuesday, August 23, 2016

On Monday, June 13, 2016 the Neighborhoods, Sustainability and Quality of Life (NSQL) Policy Committee met at the League of Arizona Cities and Towns to discuss three policy issues submitted by cities and towns for. Here is a summary of each of the policy issues considered by NSQL along with the sponsoring municipalities.

1. Alleviate blight and streamline the lien process - **Globe**
2. Improve forest health-**Flagstaff**
3. Restore the Arizona Housing Trust Fund. – **Flagstaff**

The City of Globe presented **Policy Issue 1**. The city is experiencing a fair amount of blight and is looking for suggestions as to ameliorate this, including ideas on improving the lien process. Committee members agreed to continue to look at this issue via a League task force, and not move this forward as a resolution at this time.

The City of Flagstaff presented **Policy Issue 2**. Flagstaff wants to address forest health through a myriad of approaches, including statewide awareness and attention to the value of collaborative planning, implementation, and monitoring of forests to improve forest health. Committee members moved this issue to go forward as a resolution (now resolution NSQL 1 on the resolutions summary chart).

The City of Flagstaff presented **Policy Issue 3**. They proposed that the state should restore the Arizona Housing Trust Fund. Currently the fund is capped at \$2.5 million. At its height it was \$55 million, and \$350 million was then leveraged through the Arizona Housing Alliance. Committee members moved this issue forward as a resolution (now resolution NSQL 2 on the resolutions summary chart).

The table below summarizes the NSQL Committee's actions:

Policy Issue	Disposition by Committee
1	To be resolved non-legislatively.
2	Resolution NSQL 1
3	Resolution NSQL 2

Gilbert Lopez, Councilman, Coolidge
Chair, Neighborhoods, Sustainability and Quality of Life Policy Committee

League of Arizona Cities & Towns Resolution

Text of Resolution: Enhance efforts to improve forest health in Arizona.

A. Purpose and Effect of Resolution

There needs to be a renewed focus on the condition of our forests and ways to improve their health. Catastrophic fires have greatly impacted Arizona, and yet there has not been a sustained effort to reduce fire fuel. Statewide awareness and attention to the value of collaborative planning, implementation, and monitoring of our forests to improve forest health needs to be a higher priority in our state. This resolution strives to accentuate the need to effectively plan with the governor's office, the state forester and other interested parties in an effort to reduce risk, including but not limited to right of way fuel reduction, forest restoration and thinning, debris disposal, prescribed fire, and biomass utilization.

B. Relevance to Municipal Policy

Communities across the state face increasing economic and health threats as the result of unhealthy and unsustainable forest and range conditions. The threat is not only catastrophic wildfire that destroys the natural environment, but also includes post-fire effects. Loss of property, sales tax and tourism, livelihood, displacement of residents, erosion, flooding, loss of wildlife habitat, impacts to water supplies, etc. exists for all jurisdictions because of the statewide impact. Joint-action by all parties (local, county, state, and federal) is required to adequately and satisfactorily address the issue which starts with planning at the local and regional levels.

C. Fiscal Impact to Cities and Towns

The long term costs of the past catastrophic fires to each area of the state rose to billions of dollars. Every community that has nearby forests has a financial stake in this issue.

D. Fiscal Impact to the State

There has already been a tremendous economic impact to the state from past fires. It would be financially sound for the state to appropriate planning funds for forest health.

E. Contact Information:

Sponsoring City or Town: City of Flagstaff

Name: Stephanie Smith, Asst. to the City Manager

Phone: (928)-213-2078 **Email:** ssmith@flagstaffaz.gov

League Staff: Dale Wiebusch

League of Arizona Cities & Towns Resolution

Text of Resolution: Restore the Arizona Housing Trust Fund.

A. Purpose and Effect of Resolution

Created in 1988 to provide a flexible funding source to assist in meeting the needs of low-income households in Arizona, the Housing Trust Fund receives money from the sale of unclaimed property. The Housing Trust Fund was initially funded by 35% of unclaimed property proceeds, and then increased over time to 55% to better address rural housing needs. Prior to the Great Recession, the Housing Trust Fund received over \$30 million annually. Due to state budgetary constraints, in 2010 the Housing Trust Fund was capped at \$2.5 million.

B. Relevance to Municipal Policy

Cities and towns, as well as non-profits, are eligible to apply to receive an allocation of the Housing Trust Fund to further housing objectives within their communities. Restoration of funding to the Trust Fund will enable a greater number of grant applications to be funded and other funding to be leveraged.

C. Fiscal Impact to Cities and Towns

Funding from the Housing Trust Fund has the potential to bring much needed money to communities to address housing needs, either through the city, town or a non-profit application for use to further local housing objectives.

D. Fiscal Impact to the State

When the Housing Trust Fund was capped at \$2.5 million in 2010, the funding from the sale of unclaimed property was reallocated to other areas. Restoration of funding to the Trust Fund will potentially pull funding away from the areas to which it was reallocated.

E. Contact Information:

Sponsoring City or Town: City of Flagstaff

Name: Stephanie Smith, Asst. to the City Manager

Phone: (928)-213-2078 **Email:** ssmith@flagstaffaz.gov

League Staff: Dale Wiebusch

Chair's Report of the Public Safety, Military Affairs and the Courts Policy Committee

Mayor Jerry Weiers, Glendale, Chair

Resolutions Committee Meeting, League Annual Conference
Tuesday, August 23, 2016

On Monday, June 20, 2016 the Public Safety, Military Affairs and the Courts (PSMAC) Policy Committee met at the League of Arizona Cities and Towns to discuss two policy issues submitted by cities and towns for. Below is a summary of each of the policy issues considered by NSQL along with the sponsoring municipalities.

1. Support for military installations-**Sierra Vista**
2. Prohibit guns in public buildings –**Flagstaff**

Summary of the committee discussion and the recommendations

The City of Sierra Vista presented policy issue number one. They cited the long standing support for the military presence in Arizona that the League has endorsed and viewed this policy submission as granting authority for the League to demonstrate support for pro-installation legislation. Committee members agreed to move this forward as a resolution at this time (now resolution PSMAC #1 on the resolutions summary chart).

The City of Flagstaff presented policy issue number two. Flagstaff wanted to have the League oppose all efforts to allow guns in public buildings. Committee members discussed how this issue is best left to local government decision making, and saw the guiding League principle of local control as superseding this policy submission. Committee members decided to not move this as a resolution.

The table below summarizes the PSMAC Committee's actions:

Policy Issue	Disposition by Committee
1	Resolution PSMAC 1.
2	Not to be moved as a resolution.

Jerry Weiers, Mayor, Glendale
Chair, Public Safety, Military Affairs and the Courts Policy Committee

League of Arizona Cities and Towns Resolution

Text of Resolution: Support military installations and their presence in Arizona.

A. Purpose and Effect of Resolution

Arizona's military sector is an essential component of the state and local economies. Jobs connected to the military are especially valuable to the Arizona economy because they are largely unaffected by routine economic cycles. Maintaining these operations and the jobs and economic output they support should be a priority of state and local government.

This resolution seeks to continue the long tradition of support of Arizona's local governments, through the Arizona League of Cities and Towns, for any and all strategies associated with the support of our military presence. This is a general policy issue, with no specific legislation proposed. Inclusion in the League legislative agenda would insure support could be offered on behalf of the cities and towns in the state for legislation that may be proposed in support of Arizona's installations.

B. Relevance to Municipal Policy

At a time in which every dollar of local revenue is even more precious to cities and towns, we must guard against inadvertent or blatant measures that could jeopardize existing military installations and their direct contributions to local government. Military installations are also a source of local pride.

C. Fiscal Impact to Cities and Towns

Failure to protect such a valuable asset to the state will have a direct and potentially devastating effect on local government. The military industry directly contributes hundreds of millions in tax revenues annually to local government alone.

D. Fiscal Impact to the State

Similarly, Arizona's military installations contribute millions in revenue annually to the state government. Any loss of missions could erode that revenue, as well as impact future expansion opportunities for both military and non-military missions.

E. Contact Information

Sponsoring City or Town: City of Sierra Vista

Name: Mary Jacobs, Asst. City Manager

Phone: 520-458-3315 **Email:** Mary.Jacobs@SierraVistaAZ.gov

League Staff: Dale Wiebusch

Chair's Report of the Transportation, Infrastructure and Public Works Policy Committee

Mayor Jonathon Rothschild, Chair

Resolutions Committee Meeting, League Annual Conference
Tuesday, August 23, 2016

On May 4, 2016, the Transportation, Infrastructure and Public Works Committee (TIPW) convened to discuss one policy issue submitted by the Town of Paradise Valley. Below is a summary of the issue considered by TIPW:

1. Explore options for controlling costs of federally funded local projects.

Below is a summary of the committee discussion and recommendations:

The Town of Paradise Valley submitted **Policy Issue 1**. Kevin Burke, Town Manager, explained that the Arizona Department of Transportation (ADOT) is currently responsible for administering federally funded local transportation projects for those municipalities that have not been certified to administer their own projects. Under these circumstances, the local jurisdiction lacks control over the project design, timeliness and costs.

League staff provided a number of alternatives that could be explored as possible solutions. After discussion by the committee, it was decided this would not move forward as a resolution. However, League staff will establish a working group to develop options for addressing the issues related to ADOT administration of these local projects.

The table below summarizes the TIPW Committee's actions:

Policy Issue	Disposition by Committee
1	League Study Committee

Jonathan Rothschild
Mayor of Tucson
Chair, Transportation, Infrastructure and Public Works Policy Committee